

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Extending Wireless)
Telecommunications Services)
To Tribal Lands)

WT Docket No. 99-266

REPLY COMMENTS OF CELSAT AMERICA, INC.

Celsat America, Inc. ("Celsat"), by undersigned counsel, hereby submits the following reply comments on the Notice of Proposed Rulemaking released on August 18, 1999 in the above-captioned proceeding (the "NPRM"). Celsat, one of nine applicants seeking to provide mobile satellite service ("MSS") in the 2 GHz band,¹ believes that satellite technology offers the potential to level the telecommunications playing field by ensuring that Americans living in tribal lands and other rural areas can enjoy the same high quality telecommunications services that residents of more densely populated parts of the country currently take for

¹ See Master System Application of Celsat, Inc. for a GEO Satellite-Based MSS Space/Ground Hybrid Personal Communications Service, File Nos. 26/27/28-DSS-P/LA-97, 88-SAT-AMEND-98 (April 8, 1994). Licensing and service rules for 2 GHz MSS are currently under consideration by the Commission in Establishment of Policies and Service Rules for the Mobile Satellite Service in the 2 GHz Band, IB Docket No. 99-81, RM 9328, 14 F.C.C. Rcd. 4843 (1999) (the "2 GHz Licensing NPRM").

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granted. Celsat is unique among the field of 2 GHz applicants in that its system is designed to deliver high quality service at extremely low cost. By designing a system that is affordable for average users throughout the continental United States, Celsat provides the ideal architecture for extending mobile service to tribal lands and other rural areas.

Celsat submits these reply comments to address two issues discussed by other parties to this proceeding: (1) the importance of promoting the deployment of affordable satellite services in tribal lands and other rural areas; and (2) the need for policies aimed at ensuring the rapid licensing of 2 GHz applications and commitment of operators to the provision of service in tribal lands.

I. SATELLITES SERVING TRIBAL LANDS MUST DELIVER HIGH QUALITY SERVICE AT AFFORDABLE RATES IF THEY ARE TO MEANINGFULLY ADDRESS THE DIGITAL SERVICE DEFICIT.

Celsat shares the confidence of the Commission and other MSS applicants participating in this comment cycle that satellite systems offer enormous potential to deliver state-of-the art telecommunications services to tribal lands. Satellites will make it possible for residents of even the most remote parts of this country to enjoy the same quality of service enjoyed by residents of the largest urban areas. However, as noted by the Salt River PIMA-Maricopa Indian Community and the National Tribal Telecommunications Alliance, "the primary barrier to the use of satellite

services in tribal lands is cost."² Celsat agrees that satellite service will only be truly accessible to Native Americans and those living in other rural areas of the United States if it is affordable.

Celsat's service was designed from the outset to fill real telecommunications needs at rates that the average American can afford. Unlike the Big LEO systems of Iridium and Globalstar that provide global coverage to a relatively small class of price-insensitive consumers, Celsat's system specifically targets users that reside in rural areas, including tribal lands, that have been denied access to terrestrial wireless services such as cellular and PCS, as well as users who seek to roam in these areas. Celsat will be able to serve the entire United States with its highly efficient satellite system that will offer the highest capacity of any of the 2 GHz systems and yet will be the least costly to build.

Not surprisingly, because of its unique design, Celsat will also be able to offer the most affordable service of any 2 GHz operator, charging pennies rather than dollars per minute. Celsat's reasonable per minute fees are complemented by the extraordinarily low cost of its handset which will retail for less than \$100 or may even be made available free of charge to subscribers. Many of Celsat's competitors

² See Joint Comments of the Salt River PIMA-Maricopa Indian Community and the National Tribal Telecommunications Alliance at 13. See also Comments of the Montana Telecommunications Association at 4.

will charge over \$1000 per handset and over \$1.00 per minute usage fees – charges that make them inaccessible to most ordinary Americans, including those living in tribal lands.

Celsat has long contended that other satellite operators cannot make good on their promises to serve tribal lands and rural areas because they will not be able to attract customers in these areas to a service priced far out of their reach. Iridium and other MSS operators have finally confirmed this observation by admitting that *they intend to seek subsidies to shoe-horn their service into this market segment*.³ Thus, although Iridium boasts that it is "ideally positioned to provide an immediate solution to the technical and economic challenges of providing telecommunications services to tribal lands,"⁴ it ultimately has been forced to admit that it foresees "reliance on USF support as the only economically sound method of providing affordable telecommunications services to communities in these unserved areas."⁵

³ See Comments of Motorola, Iridium North America and Iridium at 7. See also Comments of CCI International N.V. at 6 ("[t]he most effective means of increasing service to tribal lands is likely to be in making satellite service providers eligible to receive federal universal service support...."); Comments of AirTouch Communications and Globalstar USA, Inc. at 2 ("[s]ubsidy arrangements would be needed to permit Globalstar to be able to install satellite telephone equipment and offer its services at prices affordable in these U.S. communities."). See also Comments of AMSC Subsidiary Corporation at 3 and Comments of the Satellite Industry Association at 3.

⁴ Comments of Motorola, Iridium North America and Iridium at 4.

⁵ Id. at 7.

Celsat will require no subsidies to offer a full range of voice and data services to tribal lands, other rural users, and urban dwellers alike. Indeed, all that Celsat needs at this point to begin eliminating the digital service deficit is an FCC license to provide its service.

II. LICENSING INCENTIVES WILL PROMOTE AFFORDABLE SERVICE IN TRIBAL LANDS.

Although Celsat does not require federal or state subsidies to deliver on its promises, it is depending on the Commission to adopt licensing and spectrum policies that will promote the deployment of cost-effective satellite services for use in tribal lands and other unserved areas. If the Commission is truly committed to encouraging operators to take the provision of service to tribal lands and other rural areas seriously, it must establish policies that reward the foresight and commitment of operators that succeed in meeting this objective. The Commission should underscore its commitment to the deployment of affordable MSS service in tribal lands and rural areas by (1) speeding up the licensing process, (2) acknowledging the distributive effects of spectrum policies generally, and (3) incorporating this overall policy orientation into a mechanism for assigning "expansion spectrum" in the 2 GHz MSS band.

The majority of MSS applicants participating in this proceeding agree that there is an urgent need to speed up the 2 GHz licensing process. Celsat, which was truly the first in line to offer service in ITU Region 2 among the current nine 2 GHz MSS applicants, is eager to launch and begin to offer its services to a large base of customers, including those in tribal lands. Any further regulatory delay will unnecessarily postpone the delivery of reliable, affordable wireless service to rural users nationwide. In the interest of expediting the process, Celsat also urges the Commission to license all pending applicants in accordance with whatever band plan it adopts, rather than adding an additional six months to the process to accommodate amendments and a new comment cycle.

Second, Celsat urges the Commission to recognize that the policies it adopts in the 2 GHz proceeding should complement rather than obstruct the efforts of Celsat to reduce the cost of providing affordable service to tribal lands and other rural areas. The Commission should resist the demands of terrestrial telecommunications companies that seek to introduce competitive bidding or financial qualifications requirements to the 2 GHz licensing process to ensure that 2 GHz licensees will be able to pay hefty relocation costs to incumbent 2 GHz users. These and other regulatory hurdles that groups indifferent to the potential of satellite service seek to impose on 2 GHz MSS applicants should not be allowed to frustrate the deployment of service so clearly in the public interest.

Third, Celsat urges the Commission to recognize that its spectrum expansion policies will have a definite impact on the deployment priorities of 2 GHz MSS operators. Although some applicants argue that it is not necessary to provide incentives to operators to extend service to tribal lands,⁶ these same proposed operators now admit that without government subsidies their services will not be affordable to users in these areas.⁷ Celsat regards this as a telling indication that these operators will only make good on promises to serve these areas if there is a meaningful reward for doing so.

Iridium's argument that incentives to ensure service to remote communities should only be directed to "end-user service providers" because space segment licensees will operate as mere wholesalers is similarly unpersuasive and indeed

⁶ See, e.g., Comments of CCI International N.V. at 3-4 (licensing preferences based on assigning more spectrum to a licensee will negatively affect other systems by distorting the global marketplace); Comments of AirTouch Communications and Globalstar USA, Inc. at 4-5 (preferential treatment for expansion is unlikely to address the economic barriers faced by residents on tribal lands); Comments of Motorola, Iridium North America and Iridium LLC at 7-8 (licensing-based incentives will not ensure that tribal lands receive economical service); Comments of the Boeing Company at 5-7 (using service to tribal lands as a criterion to be considered in future spectrum assignments or expansion could hamper the provision of satellite services by placing additional burdens on the Commission in processing license applications).

⁷ See supra note 4.

misses the point entirely.⁸ System design is uniquely within the control of the space segment licensee and is unquestionably the single most important feature in ensuring that MSS service can be delivered affordably. Thus, if keeping the fixed cost of providing service to otherwise neglected user groups does not remain at the heart of design and expansion goals of operators, Native Americans and other Americans who have been promised expanded service will remain at the back of the line.

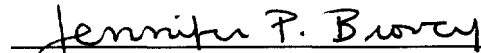
Celsat strongly believes that commitment to launching and continuing to expand service to tribal lands and other rural areas is a goal worthy of incentives such as the promise of preferential access to expansion spectrum. If the Commission is really serious about making good on its promise to Americans waiting for service, it should be sure that spectrum is available for innovative systems like Celsat that make service to tribal lands a fundamental part of their business plan.

⁸ See Comments of Motorola, Iridium North America and Iridium at 8.

III. CONCLUSION

If the Commission is truly committed to the policies discussed in the NPRM, it must take steps to remove obstacles to the provision of affordable service in tribal lands. The immediate licensing of pending 2 GHz applications in accordance with whatever band plan is adopted and the grant of preferential access to expansion spectrum to 2 GHz applicants that successfully implement systems capable of providing affordable service to tribal lands are two steps that will promote the Commission's policies and thus serve the public interest.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I, Tanisha Cobb, hereby certify that on this 9th day of December, 1999, copies of the foregoing "Reply Comments of Celsat America, Inc." were served by hand delivery on the following parties:

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